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協同通信集團有限公司  
**Synertone Communication Corporation**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 1613)

## **DISCLOSEABLE TRANSACTION RELATING TO THE ACQUISITION OF 49% INTEREST IN SENSE FIELD GROUP LIMITED**

### **THE ACQUISITION**

On 27 November 2015 (after the trading hours of the Stock Exchange), the Purchaser and the Vendors entered into the S&P Agreement for the acquisition by the Purchaser of 49% equity interest in Sense Field Group Limited, for a consideration of HK\$195 million to be satisfied by the issue and allotment of the Consideration Shares at the issue price of approximately HK\$0.1474 per Consideration Share upon Completion. Detailed terms and conditions of the S&P Agreement are set out in this announcement.

### **LISTING RULES IMPLICATIONS**

As the highest of the applicable Percentage Ratios in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As such, the Acquisition is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Completion of the Acquisition is conditional upon fulfilment of conditions precedent as set out in the S&P Agreement. Shareholders and potential investors shall exercise caution when dealing in the Shares of the Company.**

The Board is pleased to announce that on 27 November 2015 (after the trading hours of the Stock Exchange), the Purchaser and the Vendors entered into the S&P Agreement in respect of the Acquisition, the principal terms and conditions of which are set out below.

## **THE ACQUISITION**

### **The S&P Agreement**

- Date : 27 November 2015.
- Vendors : (i) Cheng Edward, holder of 20 ordinary shares of Sense Field (representing 20% of its issued share capital);
- (ii) Xiong Sylvia Wei, holder of 30 ordinary shares of Sense Field (representing 30% of its issued share capital); and
- (iii) Hua Shu, holder of 40 ordinary shares of Sense Field (representing 40% of its issued share capital).

Cheng Edward, Xiong Sylvia Wei and Hua Shu have respectively agreed to transfer 20, 24 and 5 ordinary shares of Sense Field to the Purchaser, which amounts to 49 ordinary shares of Sense Field in total (representing 49% of its issued share capital).

To the best knowledge of the Board, the above individuals are all Independent Third Parties.

- Purchaser : Vastsuccess Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.
- Subject matter : The Sale Shares, representing 49% of the issued share capital of Sense Field.
- Consideration : The consideration payable by the Purchaser for the purchase of the Sale Shares is HK\$195 million which will be satisfied by the allotment and issue of the Consideration Shares at the issue price of approximately HK\$0.1474 per Consideration Share (“**Issue Price**”) to the Vendors upon Completion. The 1,323,000,000 Consideration Shares to be issued represent approximately 18.76% of the issued share capital of the Company as at the date of this announcement and approximately 15.80% of the Company’s issued share capital as enlarged by the Consideration Shares (assuming that there will be no other change in the share capital of the Company immediately after the date of this announcement and prior to the issue of the Consideration

Shares). The Issue Price represents a premium of approximately 4.5% and 1.8% to the closing price of HK\$0.141 for the Shares on the Stock Exchange on 27 November 2015 (date of the S&P Agreement) and the average closing price of approximately HK\$0.1448 for the last five consecutive trading days (up to and including 27 November 2015) respectively.

The Consideration Shares will be issued pursuant to the General Mandate. An application will be made by the Company to the Stock Exchange for the approval of listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares, when issued upon Completion, will be credited as fully paid and will rank pari passu in all respects with the existing Shares in issue.

The Consideration Shares will be subject to a lock-up period of 3 months commencing from the Completion Date.

Warranties : The Vendors jointly and severally represent, warrant and undertake to the Purchaser the warranties set out in the S&P Agreement.

#### **Basis for determining the Consideration**

The Consideration was determined by the Purchaser and the Vendors following arm's length negotiation and with reference to a business valuation report dated 27 November 2015 prepared by Roma Appraisals Limited ("**Roma**"), a valuer independent to the Group and the Vendors, which has put a valuation of RMB354 million (approximately HK\$435 million) to the SF Group as at 31 October 2015. In determining the business valuation of the SF Group, Roma has adopted the discounted cash flow method under the income-based approach as its valuation methodology. The Consideration under the S&P Agreement represents a discount of approximately 8.52% to the business valuation as determined by Roma mentioned above. No discount factor was provided by Roma in its valuation notwithstanding that the Purchaser would only be acquiring 49% of the equity interest in Sense Field because: (i) the Purchaser would become the single largest shareholder of Sense Field upon Completion; and (ii) pursuant to the shareholders agreement to be entered into between the Purchaser and the existing shareholders of Sense Field (save and except Mr. Cheng Edward, who will no longer be a shareholder of Sense Field upon Completion) upon Completion, the Purchaser would have a right to subscribe further shares of Sense Field to increase its shareholding to more than 50%.

## **Conditions precedent to Completion**

Completion of the S&P Agreement is conditional upon, amongst others, (i) the Listing Committee having granted the listing of, and permission to deal in the Consideration Shares, and such permission not subsequently revoked or withdrawn prior to Completion; (ii) all necessary approvals, consents, authorisations, or waivers (as appropriate) from, or notices to, third parties, the Stock Exchange and/or any other regulatory authorities having been obtained for the S&P Agreement and the transactions contemplated therein; (iii) the Purchaser having satisfied its due diligence on the SF Group and its businesses on or before the Completion Date; and (iv) the warranties given by the Vendor(s) in the S&P Agreement remaining true and accurate and not misleading in any material respect.

In the event any of the conditions precedent shall not have been satisfied by the Long Stop Date, all rights and obligations of the parties under the S&P Agreement shall terminate and cease to have any effect, and no party shall have any claim against the other save for claim (if any) in respect of any antecedent breach thereof.

## **Completion**

Subject to the fulfilment of the conditions as set out in the paragraph headed “Conditions precedent to Completion” above and the terms and conditions of the S&P Agreement, Completion shall take place within seven Business Day upon fulfilment of such conditions (or such other date as the parties may agree in writing), unless the Purchaser exercises its right to waive any such conditions precedent (if allowed under the applicable laws, regulations and the Listing Rules) as contained in the S&P Agreement.

## **GENERAL MANDATE**

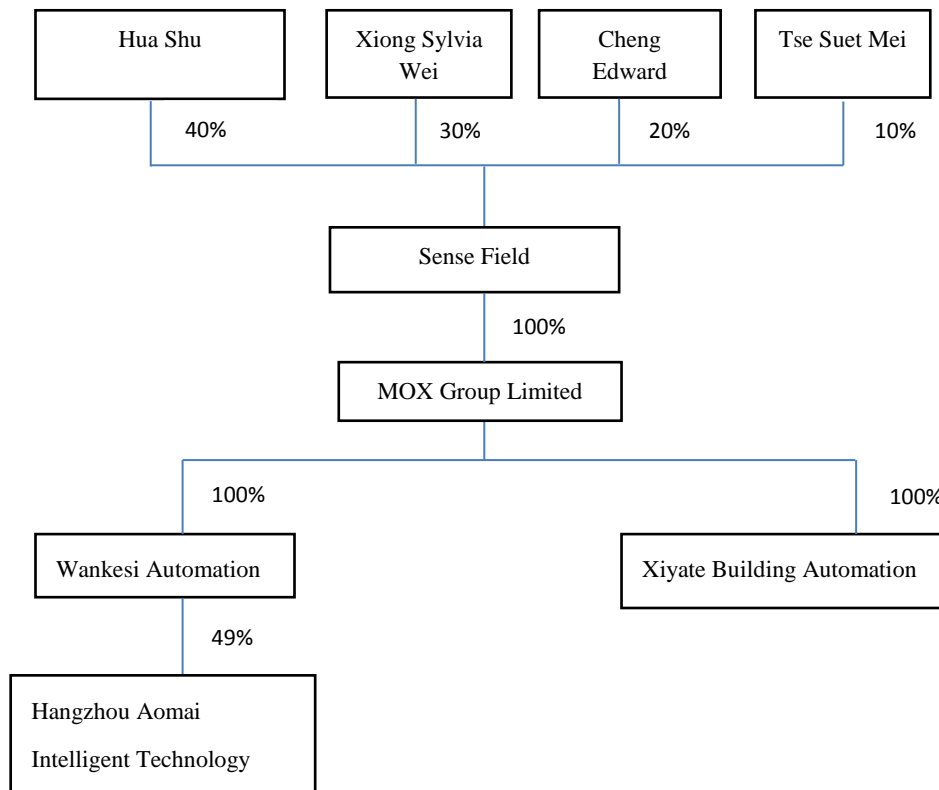
All the Consideration Shares will be allotted and issued pursuant to the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 1,409,800,000 Shares, being 20% of the issued share capital of the Company as at the date of the annual general meeting of the Company on 30 September 2015.

As at the date of this announcement, the Company has not issued any Shares under the General Mandate. As such, the General Mandate will be sufficient and no further Shareholders’ approval is required for the allotment and issue of the Consideration Shares.

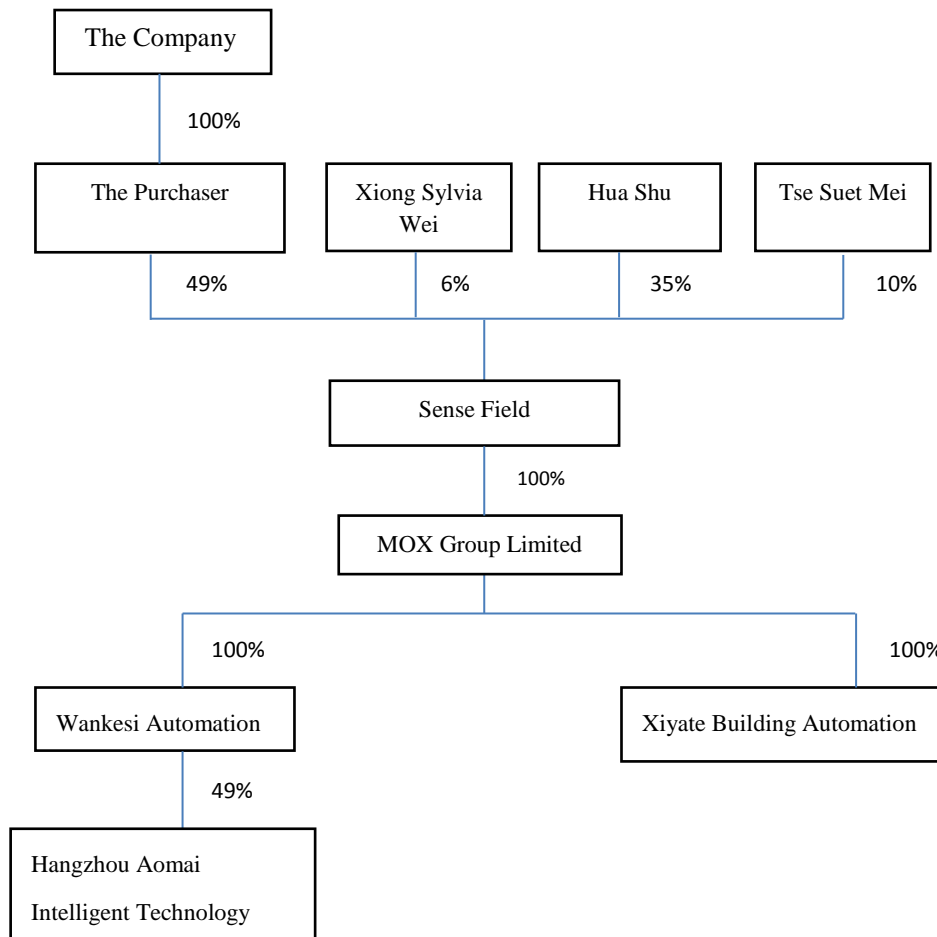
## **INFORMATION OF THE SF GROUP**

Corporate structures of Sense Field before and after the Acquisition are as follows:

Before Acquisition



After Acquisition



Sense Field is the investment holding company of MOX Group Limited, the foreign investor of both Wankesi Automation (incorporated in 2011) and Xiyate Building Automation (incorporated in 2001). The SF Group is based in Zhejiang province of the PRC and is primarily engaged in the research and development, manufacturing and sales of intelligent building systems including video intercom and surveillance systems for buildings across the PRC. Most of the customers of the SF Group are either property or building systems' developers. These customers include, inter alia, Greentown China Holdings Limited (绿城中国控股有限公司), Longfor Properties Company Limited (龙湖地产有限公司), China Resources Land Limited (华润置地有限公司) and Top Spring International Holdings Limited (莱蒙国际集团有限公司). Over the years, the SF Group has established a sales network in not less than 23 first and second tier cities across the country.

For the year ended 31 December 2014, the SF Group's audited sales were RMB100 million (2013: RMB124.5 million) and after-tax profits were RMB8.8 million (2013: RMB6.5 million). As at 31 December 2014, the SF Group's audited net assets were RMB77.74 million.

For the ten months from 1 January 2015 to 31 October 2015, the SF Group's unaudited sales were approximately RMB79.48 million and after-tax profits were approximately RMB4.43 million.

## **REASONS FOR THE ACQUISITION**

The Group is primarily engaged in the design and development of products and technologies relating to digital trunking and satellite communication systems through its own research and development and acquisition of relevant intellectual property rights and technology know-how from third parties. Following the acquisition of the "Synertone-1" (IPSTAR) satellite bandwidth in October 2013, the Group has started the business of satellite communication operation. In addition to the above, the Group also provides specialised communication network design and implementation solutions according to clients' specific needs, engages in research and development of systems technologies for the operation of the specialised communication system and the sales of accessory parts and components to some of its customers for further integration or other related uses.

The Group's products and services on digital trunking and specialized communication network are mainly used by government departments as well as corporations in the PRC for public safety and emergency communication purposes.

The Directors believe that the Acquisition would enable the Group to diversify its customers' base in the private sector, particularly with regard to property development companies in the PRC. Besides, following completion of the Acquisition, the Group plans to leverage on its existing satellite communication capabilities to provide services to the existing and potential customers of the SF Group.

The Directors are of the view that the terms of the Acquisition are fair and reasonable and that the Acquisition is on normal commercial terms and is in the interest of the Company and the Shareholders as a whole.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming that there will be no other change in the share capital of the Company immediately after the date of this announcement and prior to the issue of the Consideration Shares):

	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>Approx %</i>	<i>No. of Shares</i>	<i>Approx %</i>
<b>Non public shareholders</b>				
Mr. Wong Chit On ("Mr. Wong"), Ms. Ni Yunzi ("Ms. Ni") and Excel Time Investments Limited ("Excel Time") (Note 1)	1,880,000,000	26.67	1,880,000,000	22.45
Sub-total:	<u>1,880,000,000</u>	<u>26.67</u>	<u>1,880,000,000</u>	<u>22.45</u>
<b>Public shareholders</b>				
Mr. Cheng Edward	-	-	540,000,000	6.45
Ms. Xiong Sylvia Wei	-	-	648,000,000	7.74
Ms. Hua Shu	-	-	135,000,000	1.62
Other public Shareholders	<u>5,169,000,000</u>	<u>73.33</u>	<u>5,169,000,000</u>	<u>61.74</u>
Sub-total:	<u>5,169,000,000</u>	<u>73.33</u>	<u>6,492,000,000</u>	<u>77.55</u>
Total (Notes 2 & 3):	<u>7,049,000,000</u>	<u>100.00</u>	<u>8,372,000,000</u>	<u>100.00</u>

Notes:

(1) As at the date of this announcement, Excel Time and Ms. Ni are holding 1,230,000,000 and 650,000,000 Shares respectively.

*Mr. Wong, being an executive Director and the beneficial owner of all the issued share capital of Excel Time, is deemed or taken to be interested in all the 1,230,000,000 Shares beneficially owned by Excel Time for the purposes of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the “SFO”). Being the spouse of Ms. Ni, Mr. Wong is also deemed or taken to be interested in all the 650,000,000 Shares beneficially owned by Ms. Ni for the purposes of the SFO.*

*Being the spouse of Mr. Wong, Ms. Ni is deemed or taken to be interested in all the 1,230,000,000 Shares beneficially owned by Excel Time for the purposes of the SFO.*

(2) Assuming that there will not be any changes in the share capital of the Company save for the allotment and issue of the Consideration Shares.

(3) Excel Time will remain as the single largest Shareholder of the Company upon allotment and issue of the Consideration Shares on Completion.

## **COMPLIANCE WITH LISTING RULES**

As the discounted cash flow method was used in the business valuation of the SF Group, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. As such, Rule 14.60A of the Listing Rules is applicable. ZHONGLEI (HK) CPA Company Limited (“ZHONGLEI”), as reporting accountant in this transaction, has reviewed the calculations of the discounted future estimated cash flows, which do not involve the adoption of accounting policies, for the valuation made by Roma. The Board confirms that the valuation has been made after due and careful enquiry. Letters from ZHONGLEI and the Company are set out in appendices I and II respectively to this announcement in accordance with Rule 14.60A of the Listing Rules.

As at the date of this announcement, ZHONGLEI has confirmed that it does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. In addition, ZHONGLEI has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and all reference to its name in the form and context in which it appears.



Pursuant to Rule 14.60A, the following are the details of the principal assumptions, including commercial assumptions, upon which the business valuation is based:

1. The valuation was performed based on a discounted cash flow method under the income-based approach with financial forecasts provided by the management of the SF Group, covering a period of approximately 6 years. Terminal growth rate of 3% was adopted based on the PRC's long term projected inflation as sourced from the International Monetary Fund;
2. The valuation was mainly based on the projections of the future cash flows as provided by the management of the SF Group. It was assumed that the projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals and will be materialized;
3. The valuation was performed based on the unaudited management accounts of the SF Group as at 31 October 2015;
4. Compared to similar interest in public companies, ownership interest is not readily marketable for private companies. Hence, a marketability discount of 16.11% was applied to the valuation result. The marketability discount was adopted by making reference to the study in the FMV Restricted Stock Study Companion Guide published by FMV Opinions, Inc. in 2015;
5. A discount rate of 19.30% was adopted, which was the estimated weighted average cost of the capital of the SF Group with reference to comparable companies engaged in similar businesses;
6. Working capital projection was based on the working capital turnover days estimated by the management of the SF Group;
7. The businesses of the SF Group will be operated and developed as planned;
8. All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the SF Group operates or intends to operate would be officially obtained and renewable upon expiry;
9. There will be sufficient supply of technical staff in the industries in which the SF Group operates, and the SF Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
10. There will be no major change in the current taxation laws in the localities in which the SF Group operates or intends to operate and that the rates of tax payable and corporate tax rate shall remain unchanged and that all applicable laws and regulations will be complied with;

11. There will be no major change in the political, legal, economic or financial conditions in the localities in which the SF Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the SF Group; and
12. Interest rates and exchange rates in the localities for the operation of the SF Group will not differ materially from those presently prevailing.

## **LISTING RULES IMPLICATION**

As the highest of the applicable Percentage Ratios in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As none of the Directors has a material interest in the Acquisition, no Director is required to abstain from voting on the relevant resolution of the Board approving the Acquisition.

**Completion of the Acquisition is conditional upon fulfilment of conditions precedent as set out in the S&P Agreement. The Shareholders and potential investors shall exercise caution when dealing in the Shares of the Company.**

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions used in this announcement have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendors on and subject to the terms and conditions of the S&P Agreement
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day other than a Saturday or Sunday, on which banks in Hong Kong are open for business generally
“Company”	Synertone Communication Corporation, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1613)

“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the S&P Agreement
“Completion Date”	the date of Completion, a date which shall be within seven Business Days after fulfilment of the conditions precedent (as set forth in the paragraph headed “Conditions precedent to Completion” above) (or such other date as the parties to the S&P Agreement may agree in writing) when the Completion shall take place
“Consideration”	the consideration for the Acquisition under the S&P Agreement
“Consideration Shares”	the 1,323,000,000 new Shares to be issued by the Company to the Vendors at approximately HK\$0.1474 per Share pursuant to the S&P Agreement upon Completion
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to exercise the power of the Company to issue securities up to 20% of the Company’s issued share capital as at the date of the annual general meeting of the Company held on 30 September 2015
“Group”	the Company and its subsidiaries from time to time, excluding the SF Group
“Hangzhou Aomai Intelligent Technology”	杭州奧邁智能科技有限公司 (Hangzhou Aomai Intelligent Technology Co., Limited), a company incorporated in the PRC with 49% of its equity interest being held by Wankesi Automation, which is therefore an associated company of Wankesi Automation
“HK\$”	Hong Kong dollars, currency of Hong Kong
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of any member of the Group, the directors, the chief executives, the substantial shareholders of the Company or any of its subsidiaries, and their respective associates

“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2015 (or such later date as the parties to the S&P Agreement may agree in writing)
“MOX Group Limited”	a company incorporated in the British Virgin Islands, being the wholly-owned subsidiary of Sense Field and holds 100% interest in Wankesi Automation and Xiyate Building Automation
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Vastsuccess Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“RMB”	Renminbi yuan, the lawful currency of the PRC
“S&P Agreement”	the conditional sale and purchase agreement dated 27 November 2015 entered into between the Vendors and the Purchaser for the Sale Shares
“Sale Shares”	49 ordinary shares of Sense Field, representing 49% of the issued share capital of Sense Field
“Sense Field”	Sense Field Group Limited, a company incorporated in the British Virgin Islands and holds 100% interest in MOX Group Limited

“SF Group”	Sense Field, MOX Group Limited, Wankesi Automation and Xiyate Building Automation
“Shareholder(s)”	holder(s) of the shares of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	(i) Mr. Cheng Edward; (ii) Ms. Xiong Sylvia Wei; and (iii) Ms. Hua Shu, who are, to the best knowledge of the Board, all Independent Third Parties
“Wankesi Automation”	萬科思自控信息（中國）有限公司 (Wankesi Automation Information (China) Co., Limited), a company incorporated in the PRC, which is a wholly-owned subsidiary of MOX Group Limited
“Xiyate Building Automation”	悉雅特樓宇自控（杭州）有限公司 (Xiyate Building Automation (Hangzhou) Co., Limited), a company incorporated in the PRC, which is a wholly-owned subsidiary of MOX Group Limited
“%”	per cent.

By order of the Board  
**Synertone Communication Corporation**  
**Wong Chit On**  
*Chairman and Executive Director*

Hong Kong, 27 November 2015

*As at the date of this announcement, the executive Directors are Mr. Wong Chit On and Mr. Han Weining, and the independent non-executive Directors are Mr. Lam Ying Hung Andy, Mr. Hu Yunlin, and Mr. Wang Chen.*

*In this announcement, amount in RMB has been translated, for illustration purpose only, into HK\$ at the exchange rate of RMB1.00 = HK\$1.22.*

## **APPENDIX I - LETTER FROM ZHONGLEI (HK) CPA COMPANY LIMITED IN RELATION TO PROFIT FORECAST**

*The following is the text of the letter dated 27 November 2015 from ZHONGLEI (HK) CPA Company Limited , as reporting accountant, which was prepared for the incorporation in this announcement.*

The Board of Directors  
Synertone Communication Corporation  
Block B, Teng Bang Building  
1st Qingshuihe Road  
Luohu District  
Shenzhen  
China

Dear Sirs,

### **Accountant’s Report on calculation of discounted future estimated cash flow in connection with the valuation of the entire issued share capital of Sense Field Group Limited**

#### **To the directors of Synertone Communication Corporation (the “Company”)**

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Roma Appraisals Limited dated 27 November 2015, in respect of the entire issued share capital of Sense Field Group Limited (the “Target Company”), as at 31 October 2015 (the “Valuation”) is based. The Target Company is a company incorporated in the British Virgin Islands. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and will be included in the announcement dated 27 November 2015 to be issued by the Company in connection with the acquisition of 49% of the issued share capital of the Target Company (the “Announcement”).

#### **Directors’ Responsibilities for the discounted future estimated cash flows**

The directors of the Company (the “Directors”) are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation (the “Assumptions”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

## **Reporting Accountant’s Responsibility**

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of our report.

Our engagement was conducted in accordance with Hong Kong Standards on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled with the Assumptions. Our work does not constitute any valuation of the Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or concluded any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

## **Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Yours faithfully,

**ZHONGLEI (HK) CPA Company Limited**

Certified Public Accountants (Practising)

**Lam Chik Tong**

Practising Certificate Number: P05612

## **APPENDIX II - LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST**

27 November 2015

Listing Division  
The Stock Exchange of Hong Kong Limited  
11/F., One International Finance Centre,  
1 Harbour View Street,  
Central,  
Hong Kong

Dear Sirs,

### **Discloseable transaction relating to the proposed acquisition of 49% interest in Sense Field Group Limited**

We refer to the valuation report dated 27 November 2015 prepared by Roma Appraisals Limited (“**Roma**”) in relation to the valuation of the SF Group which constitutes a profit forecast under Rule 14.61 of the Listing Rules. Terms defined in the announcement of the Company dated 27 November 2015 relating to the proposed acquisition of 49% interest in Sense Field shall have the same meanings in this letter unless the context otherwise requires.

We have reviewed the bases and assumptions based upon which the valuation of the SF Group has been prepared by Roma for which Roma is responsible. We have also considered the report from ZHONGLEI (HK) CPA Company Limited, the reporting accountants of the Company, regarding whether the discounted future estimated cash flows of the SF Group, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with their respective bases and assumptions.

We confirm that the profit forecast as mentioned above has been made by the Board after due and careful enquiry.

Yours faithfully,

By order of the Board  
**Synertone Communication Corporation**  
**Wong Chit On**  
*Chairman and Executive Director*